

AMENDED IN SENATE APRIL 13, 2016
AMENDED IN SENATE MARCH 28, 2016

SENATE BILL

No. 1203

Introduced by Senator Hertzberg

February 18, 2016

An act to add Section 7522.05 to the Government Code, relating to retirement.

LEGISLATIVE COUNSEL'S DIGEST

SB 1203, as amended, Hertzberg. Retirement systems: joint powers authorities: benefit formulas.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, among other provisions, establishes new retirement formulas that may not be exceeded by a public employer offering a defined benefit pension plan for employees first hired on or after January 1, 2013. Existing law, the Joint Exercise of Powers Act, generally authorizes 2 or more public agencies, by agreement, to jointly exercise any common power, which may include hiring employees and establishing retirement systems.

This bill would ~~require~~ *authorize* a joint powers authority to offer defined benefit plans or formulas that are not PEPRA plans or formulas provided that the plans or formulas were those the employees received prior to the creation of the authority, the employees are not new members under PEPRA, and they are employed by the authority with 180 days, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7522.05 is added to the Government
2 Code, to read:

3 7522.05. (a) A joint powers authority formed on or after
4 January 1, 2013, and formed pursuant to the provisions of the Joint
5 Exercise of Powers Act (Article 1 (commencing with Section 6500)
6 of Chapter 5), where at least one member agency provided benefits
7 on or before December 31, 2012, as described in subdivision (c)
8 of Section 7522.02, ~~shall~~ *may* provide employees of that joint
9 powers authority the defined benefit plan or formula that those
10 employees received from their respective employers prior to the
11 exercise of a common power where that employee was not a new
12 member with that employer and subsequently is employed by the
13 joint powers authority within 180 days of the member agency
14 providing for the exercise of a common power.

15 (b) The formation of a joint powers authority on or after January
16 1, 2013, shall not act in a manner as to exempt a new employee
17 or a new member, as defined by Section 7522.04, hired by that
18 joint powers authority from the requirements of the Public
19 Employees' Pension Reform Act of 2013. New members may only
20 participate in a defined benefit plan or formula that conforms to
21 the requirements of the Public Employees' Pension Reform Act
22 of 2013.